

ACTION NEA-00

INFO	LOG-00	AGRE-00	CA-00	INL-00	USNW-00	DS-00	EB-00
	EUR-00	E-00	UTED-00	IO-00	L-00	NSCE-00	OMB-00
	PA-00	PER-00	PM-00	P-00	D-00	SP-00	SSO-00
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 TO SECDEF WASHINGTON DC
 SECSTATE WASHDC 0843
 WHITE HOUSE NSC WASHDC 0803
 INFO IRAQ COLLECTIVE

UNCLAS BAGHDAD 000424

SENSITIVE

E.O. 12958: N/A

TAGS: EAID, EFIN, ETRD, EPET, PGOV, PHUM, IZ

SUBJECT: QCPA 1088: ADMINISTRATOR'S WEEKLY ESSENTIAL

SERVICES REPORT: APRIL 24-30, 2004

1. (SBU) Summary. The Essential Services Report is one of four administrator's reports produced weekly by CPA-Baghdad. CPA-Washington distributes all four administrator's weekly reports - Security, Essential Services, Economic, and Governance - with graphics via email. The Economic, Governance, and abridged versions of the Security and Essential Services reports will be posted after 48 hours on the CPA website, www.cpa-iraq.org. The full Security and Essential Services reports remain sensitive but unclassified. Headlines of paragraphs 3-9 reflect goals in the coalition provisional authority strategic plan. End summary.

2. (SBU) Highlights

-- The seven-day average (April 24-30) of peak electricity production was 4,070 MW.

-- Since May 2003, CPA has reinstated 344,102 cell phone subscribers.

-- The Ministry of Oil met the Coalition Provisional Authority goal of 15 days of supply of fuel nationwide for kerosene.

Provide Electricity Services that Meet National Needs

3. (SBU) CPA tasks: Improve generating capacity to 6,000 MW by June 1, 2004; fully implement policy on allocation of electrical power; publish draft of long term strategy; minimize sabotage and improve security.

The seven-day average (April 24-30) of peak electricity production was 4,070 MW, an increase of 5.5 percent from the previous week. On April 26, peak production hit a high for the week at 4,374 MW. The spring generator maintenance of several units has recently been completed, which is contributing to the increase in output. However, maintenance will not be finished for several weeks.

-- The seven-day average (April 24-30) total production of electrical energy was 80,703 MWh per day, an increase of 3.5 percent from the previous week. On April 29, the total hours of electrical energy peaked for the week at 85,144 MWh.

-- This past week, an average of 405 MW (12 generators) of generating capacity was on forced (unplanned) outage, and an average of 1,429 MW (29 generators) was on scheduled outage. 5 (400 Kv) and 9 (132 Kv) transmission lines are currently out of service.

-- The following chart presents the daily electric power consumption broken down among the North, Central (including Baghdad), and South regions. Per day during the reporting period, the North, which represents 35 per cent of the total population, consumed an average of 810 MW or 21 percent of total power consumption. The Central region, which represents 44 per cent of the total population, consumed 2,394 MW or 63 percent of total power. The South, which represents 17 percent of the total population, consumed 599 MW or 16 percent of total electricity consumption.

Reconstruct Communications and Postal Systems

4. (SBU) CPA tasks: Build Iraq's First Responder Network; establish independent regulatory agency; upgrade Iraqi telephone and postal company (ITPC) network for interoperability; build transmission component data network for Iraq, including international gateways; restructure

ITPC and its business operations; upgrade and modernize postal systems; upgrade ITPC outside plant for increased subscriber capacity and use.

-- Since May 2003, CPA has reinstated landline telephone service for 178,840 subscribers in Baghdad. Flooding at telephone exchange centers during the past week and subsequent repair prevented any new subscribers. Furthermore, cell statistics were not available this week because of the holiday.

-- The following paragraphs delineate the number of landline and cell phone subscribers in Iraq, and compare them to pre-war estimates. The chart below shows the number of active landline subscribers in April 2003, the

current number of active landline subscribers, the number of landline subscribers reinstated post-conflict (since May 2003), and the number of formerly active landline subscribers who remain without service (excluding the three Northern governorates).

-- The three major cell phone companies in Iraq (Asia Cell, Iraqna, and Atheer in the North, Central, and South respectively) continue to enroll new cell phone subscribers. Currently, in Mosul, Sulaymaniyah, and Kirkuk, there are 153,000 cell phone subscribers. In Baghdad, there are 134,000 cell phone subscribers; and in Basra, Al Kut, Amarah, Samawah, and Nasiriyah there are 45,102 cell phone subscribers. Two legacy companies, Sana Tel and Korek, operate in Sulaymaniyah and Arbil, respectively. Sana Tel has 12,000 subscribers. Korek's total is unavailable at this time. Cell phone subscribers total 344,102.

-- There are now 761,440 active landline telephone subscribers in Iraq, compared to 833,000 subscribers pre-war. The total number of telephone subscribers in Iraq, including the cell phone subscribers, is 1,105,542, which is 32.8 percent greater than the number of active landline subscribers pre-war. Cell phone service was very limited pre-war.

-- The penetration rate (the number of active landline telephone subscribers as a percentage of the population) is 2.94 percent (using an estimated population of 25.9 million).

-- The following chart shows the percentage of operational

telephone subscribers compared to the number of active subscribers in April 2003.

-- The following map and table show the penetration rate for cell phone users based on current availability from the cell phone companies. Note: the map and table only includes areas where cell phone service currently exists.

Improve Quality and Access to Healthcare

5. (SBU) CPA tasks: Develop health care organizations, management, and infrastructure; train health care professionals; secure system; public health; pharmaceuticals logistic support; strategic communications.

-- The Ministry of Health (MOH) continues to operate a 24 hour Operations Center with connectivity to its facilities throughout the country. The Ministry is coordinating the reopening of the hospitals in Najaf and Falluja and is preparing to address any medical issues arising from displaced persons that may occur in Falluja or other areas of the country. CPA officials met with the Marine medical contingent and validated the requirements for reopening the Falluja Hospital. They established direct links for coordinating military and medical assistance to the Falluja area.

-- The medical situation in Falluja remains stable. The MOH is able to respond to medical needs in the event combat action intensifies or there is a need to evacuate non-combatants from the area. The MOH is assisting the coalition in planning for the evacuation contingency along with Ministries of Trade, Public Works, and Transportation.

-- The work on the shortages in pharmaceuticals across the country continues. Delivery of the initial \$5 million purchase should begin within the next few weeks. The Defense Logistics Agency Procurement Team conducted "hands-on" training on the \$13 million purchase from international sources with deliveries arriving in-country by the end of the month. Intermediate solutions to resolve procurement and distribution problems have been initiated with the creation of special teams focusing on pharmaceuticals and appliances. Long-term plans include integrating drug requirements at the user level into a comprehensive demand driven model. This will help match purchased medical supplies and pharmaceuticals to the demand. The third emergency purchase of approximately \$10-15 million in pharmaceuticals will fill the critical needs as determined by the governorates.

-- The Minister of Health presided over a ribbon cutting for a state-of-the-art Emergency Room in the Baghdad Teaching Hospital in Medical City. The 22 bed emergency room was upgraded and equipped through a cooperative effort between the Ministry of Health and the Italian Red Cross.

Provide Food Security for All Iraqis

6. (SBU) CPA tasks: Enhance capacity of Ministry of Agriculture; assure supply of inputs; strengthen research system; ensure adequate stocks for Public Distribution System (PDS); monitor food security; hand over administration of system in the north; initiate reform of rations basket; environmental initiatives.

-- The Ministry of Trade (MOT) and World Food Program (WFP) are combining their separate procurement actions into a comprehensive, integrated Allocation Plan that will schedule the timing and entry corridors of the PDS food commodities over the next several months. The allocation plan will take into consideration population statistics and ration needs, logistics issues, and security concerns.

-- Temporary shortages occurred recently for rice and tea. Rice was delayed in arriving at Umm Qasr (several ships have now arrived) and there were some problems regarding offloading that are being addressed. Procurement actions necessary to address the September/October 2003 draw down of tea stock levels delayed the delivery of tea by one month. CPA is addressing these shortages by making up arrears of rice in subsequent months and by adjusting the per capita ration of tea. In May, rice will begin to be stockpiled throughout the country and the same for tea in June. Other isolated shortages, for example in Nasiriyah in the Governorate of DhiQar, occurred because of transportation security concerns. These are being overcome by assigning security to truck convoys.

-- Capacity building continues under several initiatives, as the CPA and MOT prepare for the handover. These include 1) procurement; 2) establishment of a logistics unit, which is being done in conjunction with WFP support in Rome, while setting up a facility in Baghdad; and 3) communications, to set up a high frequency radio link between Baghdad, all governorates, all border crossing points, and at Umm Qasr. Based on these initiatives, CPA, WFP, and MOT will develop an outline of key future actions

to guide investment decisions and work planning after the handover.

-- The following chart shows the current PDS stocks and scheduled commodity arrivals as a percentage of total requirements from April until transition on July 1. The CPA goal is to provide sufficient ration stocks for July, plus a three-month buffer. On the graph below, 100 percent of opening stocks in each commodity category indicates that this goal has been achieved. CPA has procured substantial additional shipments of most food basket commodities; they are not shown as these shipments will arrive after July 1.

-- Note: Oil for Food (OFF) unconfirmed contracts are those contracts for which a valid letter of credit exists but no shipping documentation has yet been received by the Oil for Food coordination center. As OFF contracts are fulfilled they are replaced by MOT and WFP procurement.

Reconstitute Oil Infrastructure

7. (SBU) CPA tasks: Production/exports; product supply; security; structural reform.

-- The graph below shows the daily crude oil production in Iraq over the past nine months. The dashed black line is the current production target goal of 2.5 million barrels per day (MBPD).

-- For the week of April 24-30, the estimated average total crude oil production was 2.43 MBPD (.46 MBPD in the south and 1.946 MBPD in the north). The average crude oil export for the past 30 days was 1.55 MBPD. The average price received for crude oil exports was approximately \$26 per barrel.

-- Three small civilian boats attempted to attack the Al Basrah Offshore Oil Terminal (ABOT) and the Khwar Al Amaya Offshore Oil Terminal (KAAOT) on April 24. One boat (headed for the KAAOT) was intercepted by the US Navy and blew itself up before reaching the terminal. Two boats approached the ABOT and were fired at by security personnel. These two boats exploded away from the terminal, knocking out power to ABOT and damaging a Japanese tanker that had just arrived to begin receiving crude oil. The Japanese vessel sailed away, and exports began again on April 26.

-- Crude production in the south was impacted as a result of the April 24 suicide boat attacks on the offshore oil terminals. Since crude exports from the Al Basrah Offshore Oil Terminal were interrupted, the crude tanks remained full, and production had to be reduced. Production has since improved.

-- The following table shows the four main fuels in Iraq (diesel, kerosene, liquefied petroleum gas [LPG], and gasoline), the estimated total national daily demand for each, and the percentage of fuel supply that is on hand (weekly average) out of total demand. Liquefied petroleum gas is down because the South Gas Plant was down for four days due to power problems, but is operational again.

-- The graph below shows the total daily supply (domestic production plus imports) for each of the four refined fuel products as a percentage of estimated domestic demand over the past six months.

-- Completed repairs of the 22" pipeline (Bayji to Mushada) on April 25. A faulty valve in the south and a damaged pipeline in the north have reduced crude oil flow to the Daura Refinery. GRD RIO and Iraqi Pipeline Company personnel are addressing the concerns and will provide estimated completion dates soon. Daura Refinery has enough crude on hand to continue to operate through April 30 without additional crude oil supplies. However, crude is still flowing into Daura from the south, although at a greatly reduced rate.

-- CPA received the Federal Aviation Administration waiver required to begin the Aerial Surveillance Mission. AirScan contractors arrived in Iraq on April 30 and will advise CPA once the first mission is scheduled.

-- Fuel distribution throughout Iraq remains difficult due to security. There is a backlog of trucks in the North because of the dangers of traveling south and high stock levels up North preventing downloading.

-- The chart below shows the days of supply on hand as of April 30 for each of the four main fuel products in Iraq. The CPA goal remains to have 15 days of supply (DOS) for each fuel on hand nationwide. CPA met this target for kerosene.

Restore Economically-Strategic Transportation Infrastructure

8. (SBU) CPA tasks: Enable the Iraqi CAA to run a civil aviation system, which will support the country's air transport needs; Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service; enable Iraqi Port Authority (IPA) to administer a port of call with intermodal capabilities and inland container distribution; enable Iraqi Railroad Railways (IRR) to provide domestic and international passenger and freight capabilities; reform civil service at Ministry of Transportation.

-- The MoT and CPA-South personnel assisted in preventing Maersk, the port manager and operator at Khawr Az Zubayr, from withdrawing on short notice from Khawr Az Zubayr. The CPA is negotiating a letter agreement for a short-term port management/operations agreement with Maersk.

-- Stevedoring Services of America (SSA), port manager at Umm Qasr, indicated that the congestion at Umm Qasr's Inner Anchorage, caused by several vessels being held in the "Smuggler's Box," has rendered this anchorage area unsafe. The military is facilitating a reduction of the number of vessels currently held in this containment area.

-- The MoT and Iraq Port Authority (IPA) moved the floating crane Himreen, from berth 14 to Umm Qasr's South Port, thereby clearing the North Port berths of 12-19 to facilitate dredging. The ship Victoria Island will dredge the berth face from berths 12-19 to increase the depth to 12.5 meters.

-- The CPA met with Coalition Forces (CF) stakeholders to identify and coordinate military and civil security requirements for Baghdad International Air Port (BIAP), which must be adjusted to support the recent changes to the military footprint at the airport. Participants included CF users of BIAP - e.g. Royal Australian Air Force (RAAF), First Armored Division (1 AD), First Cavalry Division (1 CD), and 447th Air Expeditionary Group (AEG) - and other

entities such as Custer-Battles, which currently provides security for the airport. The group developed a proposed strategy for the coordination of security concerns and activities, and clarified the security support to be requested of the MoT. In parallel, the aviation team will refine the MoT's plans to enhance contracted security services.

-- The CPA met with the Iraqi Civil Aviation Authority involved with ground support at BIAP - e.g. passenger, baggage, and cargo handling - to identify and define the agreements under which their services are provided. Participants in this discussion included SkyLink, Royal Jordanian, and DHL. The subject agreements have been tentatively identified.

-- The CPA initiated the development of an integrated program to support reconstruction cargo traffic, which will be managed by the Program Management Office at several key Iraqi airports, including Baghdad, Basrah, and Mosul. This program will specifically address ground handling support and related services, specialized airport-based security, and, where needed, enhanced air traffic management capabilities.

-- MoT staff met with Civil Aviation Authority (CAA) Director General Fakhir to ensure that the CAA continues to support the current effort to provide on-the-job-familiarization (OJF) to select Iraqi controllers through the RAAF contingent at BIAP tower, and technical training to Iraqi communications engineers on Aeronautical Fixed Telecommunication Network (AFTN) systems to be used at BIAP and other key facilities.

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